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SUBJECT: RUSSIA'S NUCLEAR REGULATOR STRIPPED OF INDEPENDENCE AND  
PERSONNEL; IAEA SAFETY COMMITMENTS NOT BEING MET

Ref A: Moscow 1507; Ref B: Dunkley-Young (EUR/PRA) and  
Dunkley-Young (NRC) telcons and e-mails

Sensitive but Unclassified. Please protect.

11. (SBU) SUMMARY: Russian Ministry of Foreign Affairs officials believe that Russia is no longer meeting some of its commitments in the IAEA Nuclear Safety Convention and the IAEA Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management. After Russia's nuclear regulatory body, the Federal Environmental, Technological, and Nuclear Oversight Service (Rostekhnadzor), was placed under the Ministry of Natural Resources and Environment (MNRE) in May (ref A), two decrees deprived it of its independent status, making its mandate to develop and enforce regulations murky (ref B). Rostekhnadzor's effectiveness was further reduced when fifteen percent of its Moscow-based nuclear supervision staff were fired in August, with further cuts expected. On September 5, PM Putin accepted the resignation of Rostekhnadzor Head Konstantin Pulikovskiy, appointing Rostekhnadzor Deputy Head Nikolay Kutin as Acting Director. Given Russia's plans to intensify efforts to develop nuclear power, respected Russian nuclear experts have begun to criticize Rostekhnadzor's evisceration. Insiders speculate that Rostekhnadzor's nuclear regulatory arm may be split off, recreating a separate nuclear regulatory agency. End Summary.

Notorious Pulikovskiy Finally Out; Who Will Be In and When?  
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12. (SBU) On September 5, PM Putin accepted Pulikovskiy's resignation, putting an end to the rumors that had been swirling for more than a month about Pulikovskiy's imminent dismissal. Although one news source reported that Pulikovskiy left "at his own request," our MNRE sources highlighted his stormy relationship with MNRE Minister Yuriy Trutnev. Pulikovskiy, a two-star general notorious for shelling Grozny while Commander of Russian forces in Chechnya, began serving as chairman of Rostekhnadzor in December 2005.

13. (SBU) PM Putin elevated Rostekhnadzor Deputy Director Nikolay Kutin to Acting Director. Kutin, 43 years old with a PhD in Law, has been deputy head of Rostekhnadzor since November 2005. He worked previously as assistant chairman of a district executive committee in Saint Petersburg. Kutin has a strong reputation from his work in the industrial safety arena. However, since he was not made Director outright, Rostekhnadzor staff are not certain how long he will be in charge.

Rostekhnadzor Stripped of Independence and Staff  
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14. (SBU) Pulikovskiy's dismissal is the latest installment in President Medvedev's government reorganization affecting Rostekhnadzor, which included consolidating GOR bodies working on environment issues under the umbrella of the MNRE (ref A). Decree 724, signed May 12, stripped Rostekhnadzor of its independent

status. A second decree, "On the MNRE," changed Rostekhnadzor's mission statement by deleting the language that had imparted its status as the GOR's nuclear and radiation safety regulatory body. Because the decree did not reassign this function to any other government body, it left Russia, at least on paper, without a designated nuclear safety regulatory authority.

15. (SBU) Rostekhnadzor staff has been whittled down. At the end of August, approximately 12 employees were formally dismissed, bringing Rostekhnadzor's Moscow-based nuclear supervision staff down to 72 employees responsible for the regulatory oversight of Russia's 31 nuclear reactors. [Note: We have heard of no dismissals, however, of Rostekhnadzor staff working at the nuclear power plants.

Rostekhnadzor's nuclear supervision staff in Moscow now stands at less than half of the 150 employees it had in 2001. Although the U.S. and Russian regulatory systems are set up differently, in comparison, the U.S. Nuclear Regulatory Commission (NRC) has roughly 2000 employees at its headquarters in Maryland. The NRC regulates 104 U.S. nuclear reactors. End Note.] Many of the fired staff had been trained by the IAEA to carry out the Service's enforcement functions; their departure will result in a permanent loss of capability. Rostekhnadzor's International Department was also disbanded, with its functions transferred to the MNRE's International Department, which has no experience in nuclear issues.

Rostekhnadzor contacts expect further personnel cuts, even as Rosatom pushes to increase domestic nuclear power plant (NPP) construction. They fear that the increased workload, decreased staffing, and loss of expertise will make it extremely difficult for Rostekhnadzor to execute its regulatory and inspection functions effectively, even if its authority is re-established.

Russia not in Compliance with IAEA Conventions?

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16. (U) Article 8 of the IAEA's Nuclear Safety Convention, to which Russia is a party, requires that "Each Contracting Party shall establish or designate a regulatory body entrusted with the implementation of the legislative and regulatory framework and provided with adequate authority, competence and financial and human resources to fulfill its assigned responsibilities. Also, each Contracting Party shall take the appropriate steps to ensure an effective separation between the functions of the regulatory body and those of any other body or organization concerned with the promotion or utilization of nuclear energy."

17. (U) Article 20 of the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management notes that "Each Contracting Party shall establish or designate a regulatory body entrusted with the implementation of the legislative and regulatory framework referred to in Article 19, and provided with adequate authority, competence and financial and human resources to fulfill its assigned responsibilities."

18. (SBU) Rostekhnadzor officials believe that Rostekhnadzor has lost its mandate to develop and introduce regulations on nuclear matters and to execute enforcement actions and the personnel to fulfill its responsibilities. Although EST contacts report that MNRE has not interfered to date with Rostekhnadzor's work, they note that they have not yet tested the limits of their authority. They have decided to wait for the first case where "disaster strikes" to demonstrate the damage this realignment has caused.

19. (SBU) The Ministry of Foreign Affairs (MFA) is aware that Russia is not meeting its IAEA Nuclear Safety Convention commitments. EST LES was shown a memo in which DFM Kislyak informed FM Lavrov in late June that, "Thus there is a situation in the Russian Federation when there is no established independent governmental body to regulate safety in the nuclear area, which contradicts Russian commitments stipulated in the Nuclear Safety Convention and the Convention on Safe Management of Spent Fuel and Radioactive Waste." Lavrov's handwritten note on the memo stated that he "agreed" with Kislyak's concerns and would address this at "the Governmental level." (Note: We have seen no evidence that the MFA has raised this issue. However, this week EST contacts began to speculate that Rostekhnadzor, formed by the merger of three separate agencies, may be split apart into its original agencies, including recreating the separate nuclear regulatory agency formerly known as Gosatomnadzor. The press has not yet carried this rumor. End note.)

## Russian Experts Criticize Rostekhnadzor's Reorganization

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¶10. (SBU) A few Russian experts have begun to publicly criticize in the Russian nuclear press Rostekhnadzor's move to the MNRE and the corresponding degradation of its ability to perform its mission. In an article published September 3, Viktor Sidorenko - considered the patriarch of the Russian civilian nuclear industry and first deputy chairman of Gosatomnadzor in mid-80's - stated that it is impossible to develop nuclear energy extensively if the Russia's regulatory authority is not independent. The pronuclear.ru news website on September 9 carried an interview with former First Deputy Minister of Minatom (and former Duma member) Valentin Ivanov. When asked, "Can Rostekhnadzor reliably execute its duties in its existing organizational structure and under the condition of accelerated development of nuclear energy," Ivanov replied, "Categorically no! The situation should be corrected. We need to set all of the bells ringing if we do not want to damage nuclear energy in the future. It is a necessity to restore and strengthen Rostekhnadzor and the GOR is responsible for this." Beyrle